



CARING PHARMACY GROUP BERHAD

(Company No.1011859-D)

INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 May 2018

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Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income for the Financial Period Ended 31 May 2018

	Note	Individual Quarter		Cumulative Quarter	
		Current Year Quarter 31 May 2018 RM000	Preceding Year Quarter 31 May 2017 RM000 (Restated)	Current Year To Date 31 May 2018 RM000	Preceding Year To Date 31 May 2017 RM000 (Restated)
REVENUE		129,347	119,499	508,270	459,957
COST OF SALES		(103,505)	(97,320)	(400,464)	(366,152)
GROSS PROFIT		25,842	22,179	107,806	93,805
OTHER OPERATING INCOME		7,021	7,542	28,270	25,546
		32,863	29,721	136,076	119,351
SELLING AND DISTRIBUTION EXPENSES		(19,343)	(17,688)	(80,323)	(73,177)
ADMINISTRATIVE EXPENSES		(5,143)	(5,215)	(20,975)	(19,866)
OTHER OPERATING EXPENSES		(2,040)	(1,197)	(5,113)	(4,230)
FINANCE COSTS		(24)	(25)	(99)	(125)
PROFIT BEFORE TAXATION	B5	6,313	5,596	29,566	21,953
TAXATION	B6	37	(584)	(6,242)	(5,164)
PROFIT AFTER TAXATION		6,350	5,012	23,324	16,789
OTHER COMPREHENSIVE INCOME , NET OF TAX		-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD		6,350	5,012	23,324	16,789
PROFIT AFTER TAXATION ATTRIBUTABLE TO :-					
- Owners of the Company		5,868	4,360	18,560	13,130
- Non-Controlling interests		482	652	4,764	3,659
		6,350	5,012	23,324	16,789
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO :-					
- Owners of the Company		5,868	4,360	18,560	13,130
- Non-Controlling interests		482	652	4,764	3,659
		6,350	5,012	23,324	16,789
Earning per share (Sen) attributable to Owners of the Company					
- Basic ⁽²⁾	B11	2.70	2.00	8.53	6.03
- Diluted		N/A	N/A	N/A	N/A

Notes:

N/A Not applicable.

(1) The Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 May 2017 and the accompanying explanatory notes attached to these financial statements.

(2) Based on the weighted average number of ordinary shares in issue as detailed in Note B11.

(3) Preceding year quarter figures have been reclassified to conform with the presentation of the current year quarter.

Unaudited Condensed Consolidated Statement of Financial Position as at 31 May 2018

	Note	AS AT 31 May 2018 RM'000	AS AT 31 May 2017 RM'000 (Restated)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		40,276	37,410
Intangible assets		3,476	3,476
Deferred tax assets		936	257
		<u>44,688</u>	<u>41,143</u>
CURRENT ASSETS			
Inventories		90,642	88,990
Trade receivables		403	722
Other receivables, deposits and prepayments		7,534	6,887
Tax recoverable		3,993	4,710
Short term investments		46,451	25,983
Fixed deposits with financial institutions		405	370
Cash and bank balances		65,053	76,193
		<u>214,481</u>	<u>203,855</u>
TOTAL ASSETS		<u>259,169</u>	<u>244,998</u>

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Unaudited Condensed Consolidated Statement of Financial Position as at 31 May 2018 (Cont'd)

	Note	AS AT 31 May 2018 RM'000	AS AT 31 May 2017 RM'000 (Restated)
EQUITY AND LIABILITIES			
EQUITY			
Share capital		225,108	225,108
Retained profits		100,584	88,432
Merger deficit		(181,984)	(181,984)
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		143,708	131,556
NON-CONTROLLING INTERESTS		5,780	3,916
TOTAL EQUITY		149,488	135,472
NON-CURRENT LIABILITIES			
Long term borrowings	B8	6,737	7,878
Deferred tax liabilities		12	34
		6,749	7,912
CURRENT LIABILITIES			
Trade payables		89,075	88,325
Other payables and accruals		8,861	7,661
Amount owing to non-controlling shareholders		2,508	2,745
Provision for taxation		974	1,360
Short term borrowings	B8	1,514	1,523
		102,932	101,614
TOTAL LIABILITIES		109,681	109,526
TOTAL EQUITY AND LIABILITIES		259,169	244,998
Net assets per share attributable to ordinary equity holders of the parent (RM) ⁽²⁾			
		0.66	0.60

Notes:

(1) *The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 May 2017 and the accompanying explanatory notes attached to these financial statements.*

(2) *Based on the issued share capital of 217,706,400 shares*

Unaudited Condensed Consolidated Statement of Changes in Equity for the Financial Period Ended 31 May 2018

	<----- Non-distributable ----->			<Distributable>			
	Share Capital	Share Premium	Merger Deficit	Retained Profits	Total	Non-Controlling Interests	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Period Ended 31 May 2017</u>							
At 1 June 2016	217,706	7,402	(181,984)	79,447	122,571	2,017	124,588
Total comprehensive income for the period	-	-	-	13,130	13,130	3,659	16,789
(Accreditation)/Dilution in equity interest in subsidiaries	-	-	-	(879)	(879)	71	(808)
Dividends paid	-	-	-	(3,266)	(3,266)	-	(3,266)
Dividends paid by subsidiaries to non-controlling shareholders	-	-	-	-	-	(1,831)	(1,831)
	217,706	7,402	(181,984)	88,432	131,556	3,916	135,472
Transfer pursuant to S618(2) Companies Act 2016	7,402	(7,402)	-	-	-	-	-
At 31 May 2017	225,108	-	(181,984)	88,432	131,556	3,916	135,472

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Unaudited Condensed Consolidated Statement of Changes in Equity for the Financial Period Ended 31 May 2018 (Cont'd)

	<----- Non-distributable ----->			<Distributable>			
	Share Capital	Share Premium	Merger Deficit	Retained Profits	Total	Non-Controlling Interests	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Period Ended 31 May 2018							
At 1 June 2017	225,108	-	(181,984)	88,432	131,556	3,916	135,472
Total comprehensive income for the period	-	-	-	18,560	18,560	4,764	23,324
Dilution in equity interest in subsidiaries	-	-	-	123	123	36	159
Dividends paid	-	-	-	(6,531)	(6,531)	-	(6,531)
Dividends paid by subsidiaries to non-controlling shareholders	-	-	-	-	-	(2,936)	(2,936)
At 31 May 2018	225,108	-	(181,984)	100,584	143,708	5,780	149,488

Notes :

- (1) *The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 May 2017 and the accompanying explanatory notes attached to these financial statements.*
- (2) *Pursuant to S618(2) of Companies Act 2016 ("CA2016"), any outstanding share premium and capital redemption reserve accounts shall be come part of Share Capital.*

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Unaudited Condensed Consolidated Statement of Cash Flows for the Financial Period Ended 31 May 2018

	Current Year To Date 31 May 2018 RM000	Preceding Year To Date 31 May 2017 RM000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	29,566	21,953
Adjustments for:-		
Impairment loss on trade receivables	-	6
Depreciation of property, plant and equipment	4,116	4,040
Equipment written off	126	103
Interest expense	100	125
Gain on disposal of property, plant and equipment	(31)	(18)
Interest income	(2,526)	(1,455)
Loss on winding up of subsidiaries	-	87
Rental income	(162)	(148)
Operating profit before working capital changes	31,189	24,693
(Increase)/Decrease in inventories	(1,652)	2,250
(Increase)/Decrease in trade and other receivables	(328)	1,080
Increase in trade and other payables	1,950	14,717
CASH FROM OPERATIONS	31,159	42,740
Tax paid	(6,612)	(5,935)
Interest paid	(100)	(125)
NET CASH FROM OPERATING ACTIVITIES	24,447	36,680
CASH FLOWS FOR INVESTING ACTIVITIES		
Dilution/(Accretion) in equity interest in subsidiaries	159	(808)
Interest received	2,526	1,455
Proceeds from disposal of property, plant and equipment	33	72
Purchase of property, plant and equipment	(7,110)	(5,243)
Payment of goodwill	-	(480)
Rental received	162	148
NET CASH FOR INVESTING ACTIVITIES	(4,230)	(4,856)
CASH FLOWS FOR FINANCING ACTIVITIES		
Dividend paid to :		
- shareholders of the Company	(6,531)	(3,266)
- non-controlling shareholders of subsidiaries	(2,936)	(1,831)
Repayment of hire purchase obligations	(66)	(62)
Repayment of term loan	(1,084)	(1,044)
Repayment to non-controlling shareholders	(237)	(1,007)
NET CASH FOR FINANCING ACTIVITIES	(10,854)	(7,210)
NET INCREASE IN CASH AND CASH EQUIVALENTS	9,363	24,614
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	102,546	77,932
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	111,909	102,546
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD COMPRISE:-		
- Short term investments	46,451	25,983
- Fixed deposits with financial institutions	405	370
- Cash and bank balances	65,053	76,193
	111,909	102,546

Notes:

- (1) *The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 May 2017 and the accompanying explanatory notes attached to these financial statements.*

Interim Financial Report for the Financial Period Ended 31 May 2018
Part A –Explanatory Notes Pursuant to Malaysian Financial Reporting Standards (“MFRS”) 134, Interim Financial Reporting

A1. Basis of Preparation

The interim financial report is unaudited and has been prepared in accordance with MFRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”) and Para 9.22 and 9.40 (Appendix 9B Part A) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The interim financial report should be read in conjunction with the Audited Financial Statements for the financial year ended 31 May 2017 and the accompanying explanatory notes attached to these financial statements.

The interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the year ended 31 May 2017. The interim consolidated financial report and notes thereon do not include all the information required for a full set of financial statements prepared in accordance with MFRSs.

The group has adopted merger accounting method for the preparation of this Interim Financial Statements.

A2. Changes in Accounting Policies

The significant accounting policies adopted are consistent with those of the adopted as disclosed in the Audited Financial Statements for the financial year ended 31 May 2017.

During the current financial period, the Group has adopted the following new accounting standard(s) and/or interpretation(s) (including the consequential amendments, if any):-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)

Amendments to MFRS 107: Disclosure Initiative

Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses

Annual Improvements to MFRS Standards 2014 – 2016 Cycles: Amendments to MFRS 12: Clarification of the Scope of the Standard

The Group has not applied in advance the following accounting standard(s) and/or interpretation(s) (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)

	Effective Date
MFRS 9 Financial Instruments (IFRS 9 as issued by IASB in July 2014)	1 January 2018
MFRS 15 Revenue from Contracts with Customers	1 January 2018
MFRS 16 Leases	1 January 2019

Interim Financial Report for the Financial Period Ended 31 May 2018
Part A –Explanatory Notes Pursuant to Malaysian Financial Reporting Standards (“MFRS”) 134, Interim Financial Reporting

A2. Changes in Accounting Policies (cont’d)

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 17 Insurance Contracts	1 January 2021
IC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2018
IC Interpretation 23 Uncertainty Over Income Tax Treatments	1 January 2019
Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to MFRS 4: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts	1 January 2018
Amendments to MFRS 9: Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 15: Effective Date of MFRS 15	1 January 2018
Amendments to MFRS 15: Clarifications to MFRS 15 ‘Revenue from Contracts with Customers’	1 January 2018
Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures	1 January 2019
Amendments to MFRS 140 – Transfers of Investment Property	1 January 2018
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
Annual Improvements to MFRS Standards 2014 – 2016 Cycles:	
• Amendments to MFRS 1: Deletion of Short-term Exemptions for First-time Adopters	
• Amendments to MFRS 128: Measuring an Associate or Joint Venture at Fair Value	1 January 2018
Annual Improvements to MFRS Standards 2015 – 2017 Cycles	1 January 2019

Interim Financial Report for the Financial Period Ended 31 May 2018**Part A –Explanatory Notes Pursuant to Malaysian Financial Reporting Standards (“MFRS”)
134, Interim Financial Reporting**

A3. Auditors' Report on Preceding Annual Financial Statements

There was no qualification to the audited financial statements of the Company and its subsidiaries for the financial year ended 31 May 2017.

A4. Seasonal or Cyclical Factors

The financial performance of the Group is not significantly affected by any seasonal or cyclical factors save for the materialization of purchase rebate entitlements from our suppliers which can only be determined in the third quarter of the financial year.

A5. Item of Unusual Nature

There were no significant unusual items affecting the assets, liabilities, equity, net income or cash flow because of their nature, size or incidence for the financial quarter under review.

A6. Material Changes in Estimates

There were no changes in estimates of amounts reported in prior financial years that have had a material effect in the current financial quarter.

A7. Changes in Debt and Equity Securities

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the current financial quarter.

A8. Dividend Paid

A final single tier tax exempt dividend of 3.0 sen per ordinary share amounting to RM6,531,192 in respect of the financial year ended 31 May 2017 is paid on 14 November 2017.

There was no dividend paid in respect of the current financial period to date.

A9. Segmental Information

No segmental analysis is prepared as the Group is primarily engaged in retail pharmacy and related activities in Malaysia.

Interim Financial Report for the Financial Period Ended 31 May 2018
**Part A –Explanatory Notes Pursuant to Malaysian Financial Reporting Standards (“MFRS”)
134, Interim Financial Reporting**

A10. Capital Commitments

Capital commitment for property and equipment not provided for as at 31 May 2018 are as follows:-

Capital expenditure commitments	As at 31-May-18 RM'000
Contracted but not provided for: - Property, plant and equipment	129
Authorised but not contracted for: - Property, plant and equipment	1,450

A11. Material Events Subsequent To the End of the Interim Period

There were not material events subsequent to the end of the current financial quarter that have not been reflected in this quarterly report as at the date of this report.

A12. Changes in Composition of the Group

There were no changes in the composition of the Group for the current quarter under review save for the incorporation of two wholly owned subsidiary companies namely Caring Evergreen Sdn. Bhd. and Caring Pharmacy Ascend Sdn. Bhd. by Caring Pharmacy Retail Management Sdn. Bhd. on 26 March 2018 and 24 May 2018 respectively.

A13. Contingent Liabilities or Contingent Assets

There were no material contingent liabilities or contingent assets to be disclosed as at the date of this report.

Interim Financial Report for the Financial Period Ended 31 May 2018**Part B—Explanatory Notes Pursuant To The Listing Requirements of Bursa Securities**

B1. Review of Performance of the Group

The Group registered revenue of RM129.35 million and profit before tax of RM6.31 million for the current financial quarter as compared to a revenue of RM119.50 million and profit before tax of RM5.60 million reported in the previous year corresponding quarter. The higher revenue was mainly contributed by the higher sales generated from existing outlets due to aggressive and extensive promotional campaign launched during quarter under review.

During the quarter under review, we have established additional of 1 complex outlet. As of 31 May 2018, we have a total of 115 community pharmacies.

The increase in profit before taxation for the current quarter compared to the corresponding quarter in the preceding year is mainly contributed by higher revenue.

B2. Variation of Results with the Immediate Preceding Quarter

For the current quarter under review, the Group reported a decrease in profit before tax by RM3.84 million, from RM10.15 million (immediate preceding quarter) to RM6.31 million. This was due to the materialisation of annual purchase rebates from suppliers (as mentioned in Note A4) which contributed to higher profit before tax in the previous quarter.

B3. Prospect for the Group

The operating environment is expected to remain highly competitive. Nevertheless, the Group will continue to enhance operating efficiency and focus in improving the marketing strategies in order to safeguard the Group's revenue and profitability. The Board of Directors remains optimistic that the Group will continue to be profitable in the next quarter.

B4. Profit Forecast and Profit Estimate

The Group did not issue any profit forecast or profit estimate previously in any public document.

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Interim Financial Report for the Financial Period Ended 31 May 2018
Part B–Explanatory Notes Pursuant To The Listing Requirements of Bursa Securities
B5. Notes to the Statement of Profit or Loss and Other Comprehensive Income

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31-May-18 RM'000	Preceding Year Quarter 31-May-17 RM'000	Current Year To Date 31-May-18 RM'000	Preceding Year To Date 31-May-17 RM'000
Depreciation of property, plant and equipment	1,054	1,068	4,116	4,040
Equipment written off	121	92	126	103
Gain on disposal of equipment	(33)	(1)	(31)	(18)
Interest expense	24	25	99	125
Interest income	(751)	(419)	(2,526)	(1,455)
Loss on winding up of subsidiary	-	87	-	87
Rental income	(51)	(129)	(162)	(148)

Save for the above, the other items as required under Appendix 9B Part A (16) of the Main Market Listing Requirements of Bursa Securities are not applicable.

B6. Income Tax Expense

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31-May-18 RM'000	Preceding Year Quarter 31-May-17 RM'000	Current Year To Date 31-May-18 RM'000	Preceding Year To Date 31-May-17 RM'000
<u>Income Tax</u>				
Current Tax Expense:				
- Current	945	843	7,224	5,427
- Prior year	(281)	(17)	(281)	(21)
	664	826	6,943	5,406
Deferred Tax Expense:				
- Current	(759)	(293)	(759)	(293)
- Prior year	58	51	58	51
	(701)	(242)	(701)	(242)
Tax expense	(37)	584	6,242	5,164

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Interim Financial Report for the Financial Period Ended 31 May 2018
Part B–Explanatory Notes Pursuant To The Listing Requirements of Bursa Securities

B7. Status of Corporate Proposals

There were no corporate proposals commenced but not completed as at the date of this report.

B8. Group Borrowings

The Group's borrowings as at 31 May 2018 are as follows:

	As at 31-May-18 RM'000	As at 31-May-17 RM'000
Long term borrowings		
Secured:		
Hire purchase	-	57
Term loan	6,737	7,821
	<u>6,737</u>	<u>7,878</u>
Short term borrowings		
Secured:		
Hire purchase	57	66
Term loan	1,457	1,457
	<u>1,514</u>	<u>1,523</u>
Total borrowings	<u>8,251</u>	<u>9,401</u>

B9. Material Litigation

There was no material litigation and the Directors do not aware of any proceedings pending or threatened against the Group as at the date of issuance of this interim financial report.

B10. Dividends

A final single tier tax exempt dividend of 5.0 sen per ordinary share amounting to RM10,885,320 is proposed by the Company in respect of the financial year ended 31 May 2018, subject to the shareholders' approval at the forthcoming Annual General Meeting of the Company.

Interim Financial Report for the Financial Period Ended 31 May 2018
Part B—Explanatory Notes Pursuant To The Listing Requirements of Bursa Securities

B11. Earnings Per Share
(a) Basic Earnings Per Share

The basic earnings per share for the current quarter and financial year to date are computed as follows:-

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31-May-18 RM'000	Preceding Year Quarter 31-May-17 RM'000	Current Year To Date 31-May-18 RM'000	Preceding Year To Date 31-May-17 RM'000
Profit for the period	5,868	4,360	18,560	13,130
Number of ordinary shares of RM1.00 each in issue	217,706	217,706	217,706	217,706
Basic Earnings Per Share (sen)	2.70	2.00	8.53	6.03

(b) Diluted Earnings Per Share

Diluted earnings per share were not computed as the Company does not have any dilutive potential ordinary shares in issue for the current quarter and financial year-to-date.

By order of the Board
24 July 2018